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*To ensure access to high-quality,
patient-centered, cost-effective health
care to Los Angeles County residents
through direct services at DHS facilities
and through collaboration with
community and university partners.*



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July 29, 2014

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**REQUEST TO ACCEPT COMPROMISE OFFERS OF SETTLEMENT
(ALL DISTRICTS)
(3 VOTES)**

SUBJECT

To request Board approval for the Director of Health Services (Director) to accept compromise offers of settlement for patients who received medical care at either County facilities and/or at non-County operated facilities under the Trauma Center Service Agreement. The compromise offers of settlement referenced below are not within the Director's authority to accept.

IT IS RECOMMENDED THAT THE BOARD:

Authorize the Director or his designee, to accept the attached compromise offers of settlement, pursuant to Section 1473 of the Health and Safety Code, for the following individual accounts:

Patients who received medical care at County facilities:

- (1) Account Number RLANRC – Various \$5,000
- (2) Account Number RLANRC – Various \$5,555

Patients who received medical care at non-County facilities:

- (3) Account Number EMS – 547 \$5,402

Total All Accounts: \$15,957

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

21 July 29, 2014

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Patients who received medical care at a County facility: The compromise offers of settlement for patient accounts (1) - (2) are recommended because the patients are unable to pay the full amount of charges and the compromise offers represent the maximum amount the Department was able to negotiate or was offered under the legal settlement involved in these cases

Patients who received medical care at non-County facilities: The compromise offer of settlement for patient account (3) is recommended because the County has agreements with certain non-County medical facilities under which it pays for emergency or trauma care provided to eligible indigent patients at those facilities. These agreements allow the County, after it has made payment for a particular patient, to pursue recovery from third parties who are financially responsible for such care.

The best interests of the County would be served by approving the acceptance of these compromises, as it will enable the Department of Health Services (DHS) to maximize net revenue on these accounts.

Implementation of Strategic Plan Goals

The recommended action supports Goal 1, Operational Effectiveness/Fiscal Sustainability, of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

This will expedite the County's recovery of revenue totaling approximately \$15,957.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Under County Code Chapter Section 2.76.046, the Director has the authority to reduce patient account liabilities by the greater of i) \$15,000, or ii) \$75,000 or 50 percent of the account balance, whichever is less. Any reduction exceeding the Director's authority requires Board approval.

On January 15, 2002, the Board adopted an ordinance granting the Director authority to compromise or reduce patient account liabilities when it is in the best interest of the County to do so.

On November 1, 2005, the Board approved a revised ordinance granting the Director authority to reduce, on an account specific basis, the amount of any liability owed to the County which relates to medical care provided by third parties for which the County is contractually obligated to pay, and related to which the County has subrogation or reimbursement rights. The revised ordinance was adopted by the Board on December 8, 2005.

Typically, recoveries in legal settlements are divided approximately into thirds between plaintiff, plaintiff's attorney, and all medical lien holders, which would include the County's lien. Factors that contribute to each party receiving more or less than one-third of the recovery include the number of medical lien holders, the patient's attorney retainer agreement, and costs accrued by the patient during the legal process.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Maximizing net revenues on patients who received medical care at County facilities will help DHS meet its budgeted revenue amounts. All payments received for the trauma accounts (non-County facilities) will replenish the Los Angeles County Trauma Funds.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mitchell Katz". The signature is written in a cursive, flowing style.

Mitchell H. Katz, M.D.

Director

MHK:lg

Enclosures

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 1
DATE: JULY 29, 2014

Total Gross Charges	\$124,060	Account Number	Various
Amount Paid	\$0	Service Type	Inpatient & Outpatient
Balance Due	\$124,060	Date of Service	Various
Compromise Amount Offered	\$5,000	% Of Charges	4 %
Amount to be Written Off	\$119,060	Facility	RLANRC

JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at Rancho Los Amigos National Rehabilitation Center (RLANRC) and incurred total inpatient and outpatient gross charges of \$124,060 for medical services rendered. The patient has ATP with no liability and no other coverage was found. The patient's third party liability (TPL) claim settled for \$15,000, the policy limit carried by the party responsible at the time of the accident, and the attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement
Lawyer's Fees *	\$6,000	\$5,000	33 %
Lawyer's Cost	\$350	\$350	2 %
RLANRC	\$124,060	\$5,000	33 %
Other Lien Holders	\$701,000	-	-
Patient		\$4,650	32 %
Total		\$15,000	100 %

* The patient's attorney agreed to reduce his fees from 40 % (\$6,000) to 33 % (\$5,000).

This patient is covered by ATP and as a condition of the ATP agreement; the County may pursue reimbursement from any responsible third party. Based on the information provided, it appears that the patient is unable to pay the full amount of charges and has no source of income to meet his obligation to RLANRC. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 2
DATE: JULY 29, 2014

Total Gross Charges	\$171,990	Account Number	Various
Amount Paid	\$0	Service Type	Inpatient
Balance Due	\$171,990	Date of Service	02/12/09 – 03/19/09
Compromise Amount Offered	\$5,555	% Of Charges	3 %
Amount to be Written Off	\$166,435	Facility	RLANRC

JUSTIFICATION

This patient was involved in an auto vs. pedestrian accident. As a result of this accident, the patient was treated at Rancho Los Amigos National Rehabilitation Center (RLANRC) and incurred total inpatient gross charges of \$171,990 for medical services rendered. The patient is a GR recipient and no other coverage was found. The patient's third party liability (TPL) claim settled for \$15,000, the policy limit carried by the party responsible at the time of the accident, and the attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement
Lawyer's Fees *	\$6,000	\$6,000	40 %
Lawyer's Cost	\$453	\$453	3 %
RLANRC **	\$171,990	\$5,555	37 %
Other Lien Holders **	\$92,620	\$2,992	20 %
Patient		-	-
Total		\$15,000	100 %

* Attorney's fee of 40% was agreed upon in the retainer agreement between the patient and his attorney.

** Lien holders are receiving 57% of the settlement (37% to RLANRC and 20% to others).

Based on the information provided, it appears that the patient is unable to pay the full amount of charges and has no source of income to meet his obligation to RLANRC. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 3
DATE: JULY 29, 2014

Total Charges (Providers)	\$24,554	Account Number	EMS 547
Amount Paid to Provider	\$6,845	Service Type / Date of Service	Outpatient 3/16/2013
Compromise Amount Offered	\$5,402	% of Payment Recovered	79%

JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at Long Beach Memorial Hospital and incurred total outpatient gross charges of \$24,554 for medical services rendered. The provider has received payment from the Los Angeles County Trauma Fund in the amount of \$6,845. The patient's third-party claim has been settled for \$25,000, the policy limit carried by the party responsible at the time of the accident, and his attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement (\$25,000)
Attorney fees	\$8,333	\$8,333	34 %
Lawyer cost	\$320	\$320	1 %
Other Lien Holders *	\$5,265	\$2,614	10 %
Los Angeles County *	\$24,554	\$5,402	22 %
Patient		\$8,331	33 %
Total		\$25,000	100 %

* Lien holders are receiving 32% of the settlement (22% to Los Angeles County and 10% to others).

As stated in the Trauma Center Service Agreement, reimbursement to providers is for the hospital component of trauma services provided to eligible indigent patients.

Proposed settlement reimburses the Trauma Fund 79% (\$5,402) of amount paid to Long Beach Memorial Hospital.